

REBUTTAL TO THE ARGUMENT IN FAVOR OF PROPOSITION 12

If it were true, as proponents claim, that state government can borrow money by selling bonds and then make "*low interest rate loans... without costing taxpayers one cent,*" then the government could cheaply borrow and loan money to everyone - not just to some veterans.

The truth, though, is that money can be raised by selling government bonds that pay below-market interest only because the interest paid to bondholders is tax free under federal and state law. In that round-about way, all federal and state taxpayers greatly help foot the bill for all bonds sold (and for all projects or programs funded).

In addition, if anyone who receives a Cal-Vet loan does not make the payments and cannot sell the property *at a time of declining housing prices*, state taxpayers will be liable for any shortfall.

Still, providing low interest housing loans to the most needy and deserving veterans may be justified *IF* limited to the most needy and deserving veterans - such as those veterans who were injured in combat or at least served in combat or in a combat zone. Currently, the Cal-Vet Loan Program is *NOT* so limited.

As a planet and as a nation and a state, we face enormous challenges. We need new leaders and new initiatives that seriously address those challenges.

The Cal-Vet Loan Program is an old idea that benefits some special interests and a relatively small number of veterans.

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SUBJECT TO COURT
ORDERED CHANGES